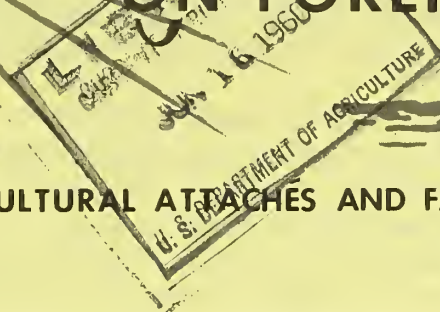


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Spotlight ON FOREIGN MARKETING



A280.39
F765

TO U.S. AGRICULTURAL ATTACHES AND FAS STAFF MEMBERS

Vol. IV, No. 4

May 20, 1960

Cope

FAS ON JUNE 5 WILL MARK ITS 30TH ANNIVERSARY. Also, this will be its 5th anniversary as the Section 104(a) trade promotion agency.

It was five years ago May 23 that the first project agreement for overseas promotion was signed with the National Cotton Council of America.

October 1 will be the fifth anniversary of the first United States agricultural exhibit for foreign trade promotion.

These events signaled sweeping changes in the work of the agricultural attaches and many of their Washington colleagues. They also added a new dimension to programs of many agricultural commodity associations.

Since May 1955 approximately 60 agricultural trade groups have signed project agreements with FAS. By the end of this fiscal year, the number of countries in which they are working will reach 50. New organizations have been formed and old ones strengthened. The growth of the program is still continuing. A sizeable rice program is being launched in Europe this year, and the cooperator has opened a Washington office. The American Seed Trade Association recently moved its headquarters here and is discussing a foreign market development program with FAS. (Story elsewhere, this issue.) With the Grain Sorghum Producers Association taking the lead in feed grain promotion in the field, other groups are thinking of joining in the formation of a feed grain council. The Soybean Council of America is now launching its expanded program. These are only examples of the dynamism of present-day operations.

Our international trade fair program continues to develop as well. Today's exhibits are a far cry from the first one at Cologne, Germany, in 1955. But like an acorn, the beginning show carried oak-sized potentials. In 51 fairs, 24 million people have had the new experience of "seeing, feeling and tasting" U. S. farm products. Additional promotion methods are being tried. In 1960, for example, foreign consumers who visit U. S. exhibits will be able to buy and take home many grocery items made from American farm commodities.

The coming anniversary-within-an-anniversary serves to focus attention on this question: How far along will our program be when another 5-year anniversary comes along?

TWO USDA PUBLICATIONS FEATURE FAS MARKET PROMOTION WORK. The May issue of News for Farmer Cooperatives carries an article by Ray Ioanes entitled "Co-ops Have a Stake in Bigger Export Markets." Pat O'Leary is the author of another piece, "Building Dollar Markets for U. S. Farm Products Overseas," which is featured in Agricultural Marketing, an AMS publication. Arrangements have been made to send copies of both publications to all agricultural attaches and officers.

A MEETING OF COOPERATORS ACTIVE IN W. GERMANY, together with the staff of the agricultural attache, was recently held in Bonn. Several suggested market development activities were discussed. These included:

1. A "United States Agricultural News Service."
2. A demonstration team program (demonstrating American food and fiber products before consumer and other organized groups).
3. Use of trade teams and information centers at fairs and expositions where the United States does not have agricultural commodity exhibits.
4. Enlisting the interest of school children in American foods and fibers with an entertaining show in which the program would be built on and round U. S. agricultural commodities.
5. Buffet luncheons or dinners featuring U. S. food products. (This would be a resumption of a previous activity which was tested in W. Germany last year).

The above ideas, which are being mulled over by those who attended the session, are all designed to help "develop and expand the atmosphere of collective good will that is a necessary foundation for enlarged markets for individuals U. S. agricultural commodities."

SOYBEAN COUNCIL REPORTS PROGRESS IN ITALY. Fred Marti, manager of the Council's Rome office, recently gave a first hand report in Washington on promotional activities for soybeans and soybean products in Italy. He reported that one U. S. company plans to build a mixed feed plant in Sicily, while other U. S. groups are interested in licensing the manufacture of U. S. -type feedstuffs in other sections of Italy.

In commenting on the recent Verona fair, Marti said it is a place where buyers and sellers meet. "Here about 25 percent of all farm equipment bought annually in Italy is sold," he said. For these and other reasons United States representatives at this years' Verona show would like to see a repeat exhibit next year featuring dairy cattle and mixed feeds for livestock, including poultry, particularly if Italy further liberalizes imports of feed grains.

There is a healthy working relationship between various U. S. trade and similar groups in W. Europe, Marti said. The facilities maintained in the area by such commodity groups as wheat, poultry, citrus fruit and cotton are often used interchangeably by the U. S. trade associations.

LEATHER AND COTTON ARE LASTING PARTNERS IN THE SHOE INDUSTRY, according to a recent AMS report. A survey of U. S. shoe manufacturers revealed an overwhelming preference for cotton in vamps and laces. Cotton thread is used in the manufacture of about 85 percent of U. S. shoes produced in 1958.

Issued by FAS, USDA, Washington 25, D. C. Distributed only to U. S. Agricultural Attaches and in the Department for internal use. Send your contribution to A. E. Johnson, Editor. Deadline for next issue is 10 days after publication date.

SECRETARY TO MAKE "PERSON-TO-PERSON" DRIVE TO HELP EXPAND U. S. FARM EXPORTS in the near future. Later this year the Secretary will again respond to personal invitations from several foreign countries. His travels during the past seven years have taken Mr. Benson to 30 countries. He has been pleased with the good will engendered by these "person-to-person" contacts abroad.

In the meantime, while plans for the trip are being worked out, the Secretary and his staff are busy conducting an over-all review of current export policies, programs, and activities as a basis for further expanding the Department's agricultural trade promotion activities, as called for by the President in his March 17 export trade message to Congress.

When the Department completes its staff work, early consultations with other Departments of Government and private agricultural and trade groups are contemplated.

"This review," the Secretary said, "is being taken against a background of outstanding progress in recent years in restoring American agriculture's position in the world market."

According to recent estimates the export situation is coupled to high hopes for another record year. For FY 1959-60 we look for an export total of \$4.5 billion. Of this amount, 73 percent is expected to move under dollar sales. (Details: USDA Press Release 1055-60).

BRITISH HOUSEWIVES ARE EXPECTED TO IGNORE "BUY AT HOME" DRIVE when it's launched shortly by a group of U.K. farmers. The organized effort will try to persuade housewives that "fresh farm food is not only superior to all its foreign and processed competitors, but is also worth a larger share of her family budget."

The London Observer stated that the move came about because farmers were feeling the pinch from foreign competitors which have "developed uniform products -- such as Danish bacon, New Zealand lamb, and Dutch tomatoes -- admirably suited to mass selling and advertising techniques. The assumption that home-produced food is automatically preferred to frozen or imported goods appears no longer valid.

"The rapid Americanization of the food trade, with deep freezing, packaging, processing and mechanical selling, is increasingly removing the emphasis from freshness." The article stated, further; "By the time the housewife picks her prepacked processed food off the supermarket shelf she appears to neither know nor care whether it is fresh or frozen, British or foreign."

BROADER DISTRIBUTION OF NONFAT DRY MILK RESUMED. CCC announced on January 26, 1960, that the sales of nonfat dry milk would be resumed in February. On February 8, 1960 under sales announcement LD-33, invitations were requested for 22 million pounds of extra grade dry milk. The resumption of the sales program on a bid basis was felt to be desirable in order to obtain the maximum amount in the sale of this commodity.

Sales are made from both Portland and Cincinnati Commodity Offices and under the new terms and conditions, the purchaser of milk from CCC has the right to substitute equal or better grade powder for export.

Since the beginning of this program - up to April 15, 1960 - approximately 4 million pounds of milk has been sold.

THE AMERICAN SEED TRADE ASSOCIATION MOVED ITS HEADQUARTERS to Washington on May 1. ASTA, which was organized in 1883, formerly maintained its headquarters in Chicago. The reason for the change in address, according to William Heckendorn, Executive Secretary, is to be in closer proximity to agencies and individuals which influence domestic and foreign markets for U. S. seeds. A single significant factor is ASTA's growing interest in promoting markets abroad for its members.

During the past two years ASTA-FAS have actively participated in several promotional activities abroad. The two-way exchange of seed teams from Europe and the Far East has had encouraging results. At this time there is a growing interest among European seed importers to have European varieties of seeds grown in the U. S. for re-entry to the country of origin.

Added strength to ASTA's plans comes from figures for current exports of U. S. grass and legume seeds: during the first eight months of the current crop year (July 1, 1959 to February 29, 1960) exports were 33.3 million pounds, up 15% above the 29.1 million pounds for the same period a year earlier.

MARYLAND TOBACCO, known as Type 32 and prized especially for its burning qualities, is now on the auction block. Average price for the 1959 crop, which is the crop currently being sold, is around 62 cents per pound. More than 32.3 million pounds are expected to be sold before the auction season ends on July 17. This is a 7 percent increase over the 1958 harvest.

Exports in 1960 are expected to equal the record-breaking 14.4 million pounds exported during calendar year 1959.

Filter cigarette popularity has cut the use of this type of tobacco in American cigarettes, but in Switzerland, which takes an annual average of 6.5 million pounds, it is still a best seller, comprising over 70 percent of Swiss cigarette sales. Many of the Swiss cigarette brands are made exclusively of Type 32 tobacco.

U. S. LIQUID LARD SHIPMENTS TO LIVERPOOL was a subject for comment by a British importer in the April 25 issue of "The Guardian."

"An interesting new development during the year has been the shipping of American lard in tankers and the first ships arrived by the St. Lawrence Seaway in May 1959. This efficient means of transport supersedes the older shipping in metal drums and boxes or sometimes in the carton in which the lard is ultimately sold over the shop counter. As our factory (J. Bibley & Sons) is conveniently situated to the docks at Liverpool, we are able quickly to exploit this new situation, not only by substantially increasing sales in our own Green Diamond brand of lard but also by contracting to pack large tonnage under distributors' private labels. During the year our output of lard for the domestic trade increased fourfold and this success has been achieved against the background of a decline in the total market for domestic lard and cooking fat, caused partly, no doubt, by the exceptionally warm summer."

LARD IMPORTS INTO THE U. K.

Feb. 1959

Total 241,301

U.S.A. 160,086

Feb. 1960

Total 412,678

U.S.A. 351,668

The above figures are British CWT which equals 112 pounds. U. S. has about 85% of U. K. business.

EXPORT GUARANTEES COVERING NON-COMMERCIAL AND POLITICAL RISKS will be offered as a new service of the Export-Import Bank of Washington. The service, beginning May 23, means U. S. exporters of consumer goods including agricultural items, will be able to obtain political risk guarantees from U. S. commercial banks and U. S. credit insurance companies without direct contact with the Eximbank of Washington.

U. S. commercial banks having foreign departments which finance export transactions, or U. S. insurance companies which offer credit insurance have been authorized to act for Eximbank in the issuance of political risk guarantees.

In its definition of "political risk," Eximbank cited five non-commercial hazards abroad:

1. Inconvertibility or non-transferability of foreign currencies.
Where the foreign buyer deposits his payment to the exporter in local currency, and is unable to convert that deposit into U. S. dollars, Eximbank will pay to the U. S. exporter 90 percent of the amount deposited.
2. Imposition of law or regulation beyond the control of exporter and buyer which prevent delivery of goods.
3. Cancellation of import license.
4. War, hostilities, rebellion, and civil commotion.
5. Expropriation of exported items by foreign authorities.

In the latter four instances, Eximbank will pay to the exporter 90 percent of losses incurred.

The five political risks described above are non-commercial in nature, as distinguished from the normal commercial or credit risks.

In contracting for an Eximbank short term political risk guarantee through his commercial bank, the exporter will agree to declare and pay fees on all his exports for a period of one year. (An exporter who ships 80 percent to W. Europe and 20 percent to Latin America, for example, may not think the cost of this service worth while.) To initiate the agreement which he has signed, the exporter will make a deposit calculated on his estimated total dollar volume of his short term export business for the year to be covered at 35 cents per thousand. Having signed a contract for a year's coverage, each eligible shipment made by the exporter will be protected against political risks provided he makes monthly declarations and pays fees for coverage of individual shipments. These fees are as follows:

<u>Term of Credit</u>	<u>Fee per \$100 of Gross Invoice Value</u>
Not over 30 days	25 cents
31-60 days	30 cents
61-90 days	35 cents
91-120 days	40 cents
121-150 days	45 cents
151-180 days	50 cents

Coverage will be provided for all types of U. S. products, both consumer and durable goods. Virtually all agricultural commodities move under 180 days, except some cotton. Perishables are usually financed for 30 days or less.

Sales to all the countries of the free world are eligible. However, Eximbank in certain instances, because of circumstances affecting non-commercial risks covered by these guarantees, may from time to time impose conditions as to the terms upon which credit may be extended and covered by the agreement.

